

Message Text

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DRAFTED BY: XMB: AMOHANIAN/RLS

APPROVED BY: EB/IFD/ODF:RASWART

XMB:DAVID O. BEIM, EXECUTIVE VICE PRESIDENT

ARA/CEN:PWACKERBARTH (INFO)

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FM SECSTATE WASHDC

TO AMEMBASSY SAN SALVADOR

UNCLAS STATE 269452

E.O. 11652: NA

TAGS: APUB, ES

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO EL SALVADOR

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF DOLS 6.3 MILLION TO CEMENTO DE EL SALVADOR S.A. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR AFTER 2:00 P.M. THURSDAY, NOVEMBER 20, 1975.

QUOTE: EXIMBANK CREDIT OF DOLS 6.3 MILLION HELPS FINANCE DOLS 14 MILLION SALE OF U.S. EQUIPMENT FOR CEMENT PLANT TO COMPANY IN EL SALVADOR

THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF DOLS 6.3 MILLION TO HELP FINANCE THE SALE
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OF U.S. EQUIPMENT REQUIRED FOR DOLS 22 MILLION EXPANSION OF

A CEMENT PLANT IN EL RONCO, METAPAN, EL SALVADOR. THE BORROWER, CEMENTO DE EL SALVADOR S.A., EXPECTS THE PROJECT TO INCREASE CAPACITY BY 1,000 MT/DAY.

U.S. PURCHASES WILL INCLUDE A CEMENT KILN, GRINDING MILLS, PREHEATER, STORAGE SILOS, CRUSHERS, AND AUXILIARY FACILITIES. ALLIS CHALMERS CORPORATION OF MILWAUKEE, WISCONSIN, IS EXPECTED TO BE THE PRINCIPLE U.S. SUPPLIER.

THE U.S. MARKET FOR THIS TYPE OF CEMENT EQUIPMENT HAS FALLEN OFF RECENTLY. EXIMBANK'S FINANCIAL SUPPORT OF THIS EXPORT SALE WILL HELP SUPPLIERS KEEP PLANTS OPERATING REASONABLY CAPACITY LEVELS.

EXIMBANK'S LOAN REPRESENTS 45 PERCENT OF THE TOTAL U.S. COSTS. A CREDIT OF DOLS 3.5 MILLION FROM THE PRIVATE EXPORT FUNDING CORPORATION (PEFCO) OF NEW YORK, WILL FINANCE 25 PERCENT OF THE U.S. COSTS AND WILL BE COVERED BY EXIMBANK'S FINANCIAL GUARANTEE. A CREDIT OF DOLS 2.8 MILLION FROM MARINE MIDLAND BANK, NEW YORK, WILL FINANCE 20 PERCENT OF THE U.S. COSTS AND THE BORROWER WILL MAKE CASH PAYMENT OF 10 PERCENT, REPRESENTING THE BALANCE.

EXIMBANK'S INTEREST RATE OF 8 PERCENT, BASED ON A PRELIMINARY COMMITMENT AUTHORIZED EARLIER, COMBINED WITH THE INTEREST RATE FROM PRIVATE SOURCES AT CURRENT RATES, WILL RESULT IN AN APPROXIMATE ANNUAL INTEREST COST TO THE BORROWER OF 8.62 PERCENT TO 8.87 PERCENT.

REPAYMENT OF THE LOANS IS TO BE MADE IN 14 SEMIANNUAL INSTALLMENTS BEGINNING JUNE 10, 1978, WITH EXIMBANK'S CREDIT TO BE REPAYED OUT OF THE LAST 7 INSTALLMENTS. UNQUOTE KISSINGER

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To: SAN SALVADOR
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